

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 8425-M
MOUNTAIN UTILITIES, INC.)	

O R D E R

On July 6, 1982, the Commission issued its Order in Case No. 8425 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On May 20, 1986, Mountain Utilities, Inc., ("Mountain") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Kentucky West Virginia Gas Company ("Kentucky West"), effective May 1, 1986, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission. After reviewing the record filed in this case and being advised, the Commission is of the opinion and finds that:

(1) Mountain's notice of May 20, 1986, set out certain revisions in rates which Mountain proposed to place into effect, said rates being designed to pass on the wholesale decrease in gas cost from its supplier in the amount of \$8,825 or 15.283 cents per Mcf.

(2) Kentucky West filed an application for decreased rates to become effective May 1, 1986, with the Federal Energy Regulatory Commission ("FERC").

(3) The rates proposed by Mountain in its application of May 20, 1986, were based on a tariff sheet that was subsequently corrected by Kentucky West. Kentucky West's corrected 19th Revised Sheet No. 27A was accepted for filing by FERC on April 30, 1986, in Docket No. TA86-4-46-000 et al. The rates in the Appendix to this Order are based on the corrected supplier rates rather than the original supplier rates that Mountain used in its filing.

(4) Mountain should file with this Commission the amount of excess revenues collected during the period from May 1, 1986, to the date the corrected rates are implemented, along with a plan to refund such overcollections to its customers.

(5) Mountain's proposed adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8425 dated July 6, 1982, is not fair, just and reasonable because it is based on an erroneous FERC tariff. The corrected rates in the Appendix to this Order are fair, just and reasonable and in the public interest and should be effective May 1, 1986.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after May 1, 1986.

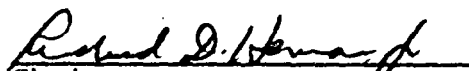
(2) The rates proposed by Mountain in its application be and they hereby are denied.


(3) Within 30 days of the date of this Order Mountain shall file with this Commission its revised tariffs setting out the rates authorized herein.

(4) Within 30 days of the date of this Order Mountain shall file with this Commission the amount of excess revenues collected, along with a refund plan.

Done at Frankfort, Kentucky, this 6th day of June, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8425-M DATED JUNE 6, 1986.

The following rates and charges are prescribed for the customers served by Mountain Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First	1 Mcf	\$6.5392 per Mcf
All Over	1 Mcf	5.7642 per Mcf

Minimum Bill: \$4.70
(When less than 1 Mcf is used)

The base rate for the future application of the purchased gas adjustment clause of Mountain Utilities, Inc., shall be:

	<u>Commodity</u>
Kentucky West Virginia Gas Company	\$2.8109/Dth*

*Including Gas Research Institute Funding Charge of \$0.0135 per Dth.